



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES
OFFICE OF THE COMMISSIONER

March 10, 2015

TO: Senator John Fonfara and Representative Jeffrey Berger, Co-Chairs
Senator Scott Frantz and Representative Christopher Davis, Ranking Members
Joint Committee on Finance, Revenue and Bonding

FROM: Commissioner Kevin Sullivan, Department of Revenue Services

SUBJECT: Alcohol Products Pricing, Sales and Taxation

Given what was already going to be an extremely long hearing for the committee, I chose not to testify yesterday in support of SB 946. I do fully support this legislation and believe the changes with respect to alcohol products pricing and sales will benefit the larger economy and consumers while increasing taxable sales. Clearly, this is an area where arcane and anti-competitive regulation has little to do with the best interests of the marketplace or public safety.

That said, I do want to share our statistics based on taxable volume sales of alcoholic products since FY12. Any analysis needs to isolate beer (non-keg) sales because of the much wider range of retail sellers and the overall national trend of significantly reduced consumption. In addition, in difficult economic periods it is actually typical that all sales of alcoholic products tend to *decline*.

From FY12 to FY13:

- Keg beer sales *increased* 3.04%
- Wine sales *increased* 1.48%
- Distilled liquor sales *increased* 2.91%

Similarly, for the most recent 6 month period through December 2015 over December 2014:

- Keg beer sales *increased* 5.92%
- Wine sales *increased* 0.05%
- Distilled liquor sales *increased* 1.61%

Some portion of increased sales is likely attributable to expanded days of operation.

Finally, Connecticut taxes by category of alcoholic product are higher in some cases than the region and lower in other cases. Nevertheless, it is simply not reasonable or responsible to consider reducing taxes until prices are set in the marketplace rather fixed through government regulation. If and when Connecticut gets there, I would certainly welcome being part of a full and fair evaluation of tax burden.

cc: Finance, Revenue and Bonding Committee Members
Secretary Ben Barnes, Office of Policy and Management
Commissioner Jonathan Harris, Department of Consumer Protection
Deputy Chief of Staff Brian Durand, Office of the Governor